

Conditions of a Mortgage 7.4 p.430

Payment Frequency

- Monthly - once per month

$$-1077.42 \quad (300)$$

$$[323 \ 26.00]$$

- Accelerated Bi-weekly $1077.42/2$
-26 payments per year

$$-538.71$$

$$[293 \ 97.43] \quad (545.71)$$

- Accelerated Weekly
-52 payments per year

$$-268.35$$

$$(1098.37)$$

$$294 \ 747.51$$

What effect would this have?

May 18-7:46 AM

Changing the Amortization Period

Standard is 25 years

- 20
- 15

May 18-8:05 AM

Amortization

$$20 \Rightarrow \$1197.80$$

over 20 years - Total Payment

\$287 472

15 years = \$1410.52

$$15 \text{ years total } \$253891$$

$$1410.52$$

$$-1197.80$$

$$212.28$$

$$287472$$

$$-253891$$

$$\$33581$$

May 14-9:16 AM

$$\text{Ex 2} \quad \text{Nikayla} - 1250.87$$

Semi monthly - 24 payments

$$1250.87 \div 2 = 625.44$$

Accelerated Biweekly - 26 payments

$$1250.87 \div 2 = 625.44$$

Accelerated Weekly

$$1250.87 \div 4 = 312.72$$

May 14-9:27 AM

1 year

$$1250.87 \times 12 = 15010.44$$

$$625.44 \times 26 = 16261.44$$

$$312.17 \times 52 = 16261.44$$

May 14-9:29 AM

$$225 \ 500 \times 0.10$$

22 550

202 950

P. 434- 435 q. 1,2,3 a)c), 5,6, 9 & 10

May 18-8:35 AM

Key Concepts

- A shorter amortization period means larger payments but less total interest paid.
- There are a number of strategies for reducing the time needed to pay off a mortgage and for reducing the total interest paid.

i.e. Accelerated payments (divide monthly payment by 2)
increase payments when you get a raise
make annual lump sum payments (bonuses, tax return)

Apr 30-7:58 AM

May 15-7:23 AM